

Message Text

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ORIGIN ARA-10

INFO OCT-01 ADP-00 EB-03 /014 R

DRAFTED BY: ARA/ CAR/ T: PWHILBURN

APPROVED BY: ARA/ CAR: JRBURKE

EB/ FPD: MRMAYO

ARA/ CAR: MRCANNEY

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P 040131 Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY PORT OF SPAIN PRIORITY

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FOLLOWING SENT ACTION HELSINKI 03 JUL 73 FROM STATE RPT
TO YOU QUOTE

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TOSEC 9

FOLLOWING SENT ACTION LONDON, DUBLIN, PARIS, BRUSSELS, THE
HAGUE, LUXEMBOURG, COPENHAGEN, BONN, ROME, TOKYO, TAIPEI,
OTTAWA, CANBERRA, MEXICO, SANTO DOMINGO, MADRIS, EC BRUSSELS,
GENEVA, OECD PARIS, JULY 2, FROM SECSTATE RPTD TO YOU:

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FOR USDEL OECD AG COM

E. O. 11652: N/ A

TAGS: EAGR, ETRD, EGEN

SUBJ: CONTROLS ON SOYBEANS, COTTONSEEDS AND THEIR BY- PRODUCTS

1. DEPT CALLED IN REPRESENTATIVES OF EMBASSIES FROM ADDRES-
SEE POSTS JULY 2, (EC REP ALSO PRESENT) AND INFORMED THEM
OF ANNOUNCEMENT TO BE MADE 3:30 P. M. ON SYSTEM OF EXPORT
CONTROLS ON OLDCROP SOYBEANS AND OLDCROP SOYBEAN MEAL AND
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COTTONSEED AND COTTONSEED MEAL. ANNOUNCEMENT BEING SENT SEPTEL, AND STATES THAT SYSTEM USED WILL BE THAT OF ISSUING EXPORT LICENSES FOR A PERCENTAGE OF ALL CONTRACTS IN FORCE ON JUNE 13, THE DATE OF THE PRESIDENT'S SPEECH ON EXPORT CONTROLS. FOR SOYBEANS, 50 PERCENT OF ALL CONTRACTS WILL RECEIVE EXPORT LICENSES, FOR SOYBEAN MEAL, 40 PERCENT. LICENSES FOR 100 PERCENT OF ALL COTTONSEED AND COTTONSEED MEAL CONTRACTS VALID AS OF JUNE 13 WILL BE ISSUED, BUT NOT FOR CONTRACTS AFTER THAT DATE. CONTROLS ARE BEING REMOVED ON SOYBEAN OIL AND COTTONSEED OIL, BUT THE MONITORING SYSTEM WILL REMAIN ON THESE PRODUCTS.

2. DEPUTY ASST SECY KATZ SAID THAT THIS MEANT THAT APPROXIMATELY 33 MILLION BUSHEL OF SOYBEANS WOULD BE AVAILABLE FOR EXPORT, AND ABOUT 750,000 TONS OF SOYBEAN CAKE AND MEAL. HE NOTED THAT THIS ACTION WAS NECESSARY BECAUSE THE DEMAND FOR THESE PRODUCTS HAD BEEN SO LARGE THAT APPARENTLY CON-

TRACTS ALREADY CONCLUDED WERE IN EXCESS OF AVAILABILITIES. IT SEEMED LIKELY THAT THERE WOULD HAVE BEEN NO SUPPLIES AVAILABLE BY AUGUST AND THIS ACTION MADE POSSIBLE THE SHARING OF AVAILABLE SUPPLIES IN ORDER TO COPE WITH BOTH FOREIGN AND DOMESTIC DEMAND.

3. DEPT ASST SECY BELL OF USDA NOTED THAT IN MID- JUNE, USDA HAD ESTIMATED LIKELY US EXPORTS OF SOYBEANS AT 45 MILLION BUSHEL FOR THE REMAINDER OF THE CROP YEAR. THE ALLOCATION OF 33 MILLION BUSHEL FOR LICENSING DID NOT INCLUDE SOME 12 MILLION BUSHEL SHIPPED FROM JUNE 13 TO THE DATE OF THE NEW LICENSING SYSTEM. THEREFORE ACTUAL EXPORTS FOR THE PERIOD WOULD EQUAL USDA'S EARLIER ESTIMATE. SOYBEAN MEAL EXPORTS HAD ORIGINALLY BEEN EXPECTED TO TOTAL 4.6 MILLION SHORT TONS; ACTUAL EXPORTS FOR THE CROP YEAR WERE NOW EXPECTED TO TOTAL 4.7 MILLION TONS. TAKING SOYBEANS AND SOYBEAN MEAL TOGETHER THIS MEANT THAT THE EQUIVALENT OF 688 MILLION BUSHEL WOULD BE EXPORTED THIS CROPYEAR, COMPARED TO 547 MILLION BUSHEL LAST YEAR. DOMESTIC USE, ON THE OTHER HAND, HAD REMAINED ALMOST STABLE --628 MILLION BUSHEL THIS YEAR COMPARED TO 626 MILLION LAST YEAR. THESE FIGURES SHOWED THAT THE US HAD NOT SHORTED THE EXPORT MARKET, SINCE VIRTUALLY ALL OF THE LIMITED OFFICIAL USE

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INCREASE IN CROP PRODUCTION THIS YEAR WAS BEING EXPORTED. FURTHERMORE EXPORTS TO OUR TRADITIONAL EXPORT MARKETS IN EAST ASIA AND WESTERN EUROPE WERE FAR AHEAD OF LAST YEAR.

4. MR. GOIN OF THE DEPARTMENT OF COMMERCE POINTED OUT THAT THE PERCENTAGE REQUIREMENTS APPLIED ONLY TO THE REMAINING UNFULFILLED PORTIONS OF CONTRACTS. THUS IF A

CONTRACT ORIGINALLY COVERED SHIPMENTS TALLING 10,000 TONS, AND 5,000 TONS HAD ALREADY BEEN SHIPPED, THE FIFTY PERCENT FIGURE FOR EXPORT LICENSES FOR SOYBEANS APPLIED TO THE REMAINING 5,000 TONS, RESULTING IN 2,500 TONS OF SOYBEANS BEING ELIGIBLE FOR EXPORT.

5. QUESTIONS FROM EMBASSY REPS CONCERNED MAINLY TECHNICAL DETAILS ABOUT THE LICENSING PROCEDURE, ALTHOUGH DUTCH AND SPANISH REPS RAISED SEVERAL QUESTIONS ABOUT THE EQUITIES INVOLVED IN CANCELLING CONTRACTS AND IN ALLOCATING ON THE BASIS OF EXISTING CONTRACTS, WHEN SOME COUNTRIES MAY HAVE HELD OFF MAKING PURCHASES UNTIL AFTER THE JUNE 13 DEADLINE. SEVERAL REPS ALSO ASKED FOR CLARIFICATION THAT THE LICENSING SYSTEM APPLIED ONLY TO THE OLD CROP AND WOULD EXPIRE IN SEPTEMBER. BELL AND KATZ CONFIRMED THIS, BUT SAID THAT NO ASSURANCES COULD BE GIVEN ABOUT THE SITUATION ON NEW CROP SOYBEANS; THIS WOULD HAVE TO AWAIT FURTHER INFORMATION ABOUT CONDITIONS OF THE NEW CROP LATER IN JULY. BELL ALSO EXPLAINED THAT THE SYSTEM OF ACCEPTING PERCENTAGES OF EXISTING CONTRACT FOR SOYBEANS HAD BEEN CHOSEN BECAUSE OF THE RELATIVELY SHORT TIME SPAN INVOLVED; IF A SYSTEM WERE TO BE ADOPTED TO COVER THE COMING ENTIRE CROP YEAR FOR SOYBEANS, THERE WAS NO ASSURANCE THAT THE SAME SYSTEM WOULD BE APPLIED. SEVERAL REPS ASKED WHETHER THERE WERE FURTHER DEVELOPMENTS ON THE POSSIBILITY OF APPLYING EXPORT CONTROLS TO OTHER COMMODITIES SUCH AS CORN. KATZ AND BELL REPLIED THAT THERE WAS NOTHING NEW SINCE STATEMENT OF LAST WEEK THAT SITUATION BEING WATCHED CAREFULLY. RUSH UNQUOTE RUSH

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*** Current Handling Restrictions *** n/a

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 04 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE129840
Document Source: CORE
Document Unique ID: 00
Drafter: ARA/ CAR/ T: PWHILBURN
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730766/aaaajzev.tel
Line Count: 149
Locator: TEXT ON-LINE
Office: ORIGIN ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 12 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12-Sep-2001 by freemaal>; APPROVED <25-Oct-2001 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 980312
Subject: CONTROLS ON SOYBEANS, COTTONSEEDS AND THEIR BY- PRODUCTS
TAGS: EAGR, EGEN, ETRD
To: PORT OF SPAIN
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005